

REMARKS

Claims 18-41 stand rejected. Claims 18, 19, 30 and 33-39 have been amended. Claim 32 have been canceled. New claim 42 has been added. No new matter has been added. The Applicants respectfully request reconsideration in view of the foregoing amendments.

Miscellaneous Amendments

The specification has been amended to correct two of the examples of a price improvement process. Specifically, the price improvement value applied to the respective offsetting trades should be $1/16$ of a point instead of $1/8$. In these examples, the price difference, or spread, between the offsetting trades is $1/8$, but the price improvement applied to the respective trades is one half of the spread. No new matter is introduced by the amendment. Furthermore, claims 19, 30 and 34-39 has been amended solely for the purpose of providing proper antecedent basis and clarity. No new matter is introduced.

Claim Rejections – 35 U.S.C. 103

Claims 18-41 were rejected under 35 U.S.C. 103(a) as being unpatentable over an online article “Telerate adds GovPX U.S. Treasury Prices and Information,” published on February 8, 1999 by Business Wire (hereinafter “Telerate”) in view of U.S. Patent Application Publication No. 2001/0044767 (“Madoff et al.”).

Claims 18-41 were also rejected under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent Application Publication No. 2001/0049651 (“Selleck”), U.S. Patent 6,243,691 (“Fisher et al”) and U.S. Patent Application Publication No. 2001/0042033 (“Sposito”)

Claim 18 as now amended recites a server system for the automated trading of financial instruments. The system comprises, in part, a server that automatically (i)

receives a first order to execute a first trade of a selected financial instrument; (ii) forwards the first order to a trading system to execute the first trade; (iii) identifies an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution; (iv) determines a price improvement value based on a first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and (v) applies the price improvement value to at least the first price for the first trade or first order of the selected financial instrument, resulting in an adjusted first price. Independent claim 33 as now amended also recites similar features. Support for these amendments can be found at least in FIG. 3 and in the subject specification as originally filed from page 10, line 18 to page 15, line 35.

Similarly, new claim 42 recites a server for the automated trading of financial instruments that comprises a processor and memory programmed to automatically (i) transmit a first order to a trading system for execution of a first trade of a selected financial instrument; (ii) identify an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution; (iii) determine a price improvement value based on the first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and (iv) applies the price improvement value to at least one of the first price for the first trade or first order and the second price for the offsetting trade. Support for claim 42 can be found at least in FIG. 3 and in the subject specification as originally filed from page 10, line 18 to page 15, line 35.

Particular examples of the price improvement process can be found in the subject specification from page 14, line 18 to page 15, line 35. By way of illustration, in one example, "a first customer buys 10 bonds at 99-16. 15 seconds later, a second customer

sells 10 at 99-08. The price improvement process takes the average of the two prices, and applies this to the first customer buy and the second customer sell so that each customer receives a price improvement of 1/16 of a point.” (See page 14, lines 20-25). In another example, “a customer buys 10 bonds at 99-08. A trader, 15 seconds, later, buys 10 bonds at 99-08 from the street. In this instance, the system adjusts the customer buy trade to 10 at 99-08. (See page 15, lines 15-17).

None of the cited references teach or suggest automatically determining and applying a price improvement to executed trades of, or previously entered orders to trade, a selected financial instrument after identifying them as offsetting trades as recited in claims 18, 33 and 42.

Telerate characterizes Telerate, Inc. as merely a vendor of financial information providing real-time benchmark U.S. Treasury information and price quote from other fixed income markets. (See Telerate generally). Telerate does not relate to determining and/or applying a price improvement value to trades at all.

Madoff et al. discuss a system for auctioning financial products that enables buyers/traders to place orders to buy and sell financial products and to respond to other buy and sell orders. Madoff et al does not identify an offsetting trade relative to a first trade or first order of a selected financial instrument and then apply a price improvement to either or both of the first trade/order and the offsetting trade. At best, Madoff et al. mention that responses can be entered into the system by a buyer/trader in the form of a relative price, for example, a National Best Bid and Offer (NBBO) plus a price improvement value. (See Madoff et al.: FIG. 2; col. 5, line 26 to col. 6, line 27). Accordingly, Madoff et al fails to teach, suggest or provide any motivation for automatically determining and applying a price improvement to executed trades of, or orders to trade, a selected financial instrument after identifying them as offsetting trades as recited in claims 18, 33 and 42.

Selleck discusses an internet-based trading system. However, as acknowledged in the office action, Selleck does not discuss automatic price improvement mechanism. (See Abstract and the specification generally).

Fisher et al discuss a system for conducting a multi-person, interactive auction without using a human auctioneer. In particular, Fisher et al discuss an automated pricing mechanism that increases and decreases the price of an item for auction based on the volume of sales for the item over a period of time. (See Abstract; col. 11, lines 10-40 and col. 12, lines 1-30). However, such price increase/decrease is applied only to subsequent purchases of an item. Accordingly, Fisher et al provides no suggestion or motivation to automatically determine and apply a price improvement to executed trades of, or previously entered orders to trade, a selected financial instrument after identifying them as offsetting trades as recited in claims 18, 33 and 42.

Sposito discusses an automated process for adjusting stop or limit orders for selling a security in the event of increases in security prices and for adjusting stop or limit orders for buying a security in the event of decreases in security prices. (See paragraphs [0029-0034]). However, similar to Fisher et al, such price increase/decrease is applied to subsequent ask or bid prices for a security. Accordingly, Sposito et al provides no suggestion or motivation to automatically determine and apply a price improvement to executed trades of, or previously entered orders to trade, a selected financial instrument after identifying them as offsetting trades as recited in claims 18, 33 and 42.

For at least these reasons, claims 18, 33 and 42 are patentable, as they are neither anticipated nor obvious in view of the cited art of record.

Furthermore, by virtue of at least their dependency upon claims 18 and 33 and the additional features recited therein, claims 19-41 are also patentable.

CONCLUSION

In view of the above amendments and remarks, claims 18-42 are in condition for allowance, and it is respectfully requested that the application be passed to issue. If the Examiner feels that a telephone conference would expedite prosecution of this case, the Examiner is invited to call the undersigned.

Respectfully submitted,



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